February 18, 1998

Mr. Seyed Sadredin
Director of Permit Services
San Joaquin Valley Unified
Air Pollution Control District
1999 Tuolumne Street, Suite 200
Fresno, CA 93721

Re: Proposed Federally Mandated Operating Permits

Dear Mr. Sadredin:

This letter provides our comments on seven proposed San Joaquin Valley Unified Air Pollution Control District (District) federally mandated operating permits received by EPA on January 5, 1998. We appreciate the District's willingness to work with EPA and develop agreements on the necessary revisions for most of these proposed Title V permits.

Based on the District's February 18, 1998 letter and the District's agreement to make the necessary changes, EPA is not objecting to the proposed Title V permits for Bear Mountain Limited, Gallo Glass, High Sierra Limited, Kern Front Limited, and Mid-Set Cogeneration Company. Our attached comment letter lists the changes that are necessary prior to issuing these permits (designated as "potential objections") as well as additional recommendations and suggestions (designated as "comments"). We intend to work with the District to develop specific permit language before your deadline for issuing revised permits. The District may issue final permits for these sources once the necessary corrections are made.

We were not able to resolve all issues for J.G. Boswell and Chevron Pipeline prior to the expiration of our review period. Based on our review of the proposed permits and the supporting information, EPA formally objects, pursuant to our authority under section 505 of the Clean Air Act (CAA) and 40 Code of Federal Regulations ("CFR") §70.8 (see also District Rule 2520, Section 11.7.1), to the issuance of these proposed permits. Under section 505 of the CAA and 40 CFR §70.8(c), EPA may object to a proposed Part 70 permit that EPA determines is not in compliance with applicable requirements, or fails to meet the requirements of Part 70. After EPA objects to a permit, the permitting authority has 90 days to submit a revised permit that meets EPA's objection. If the 90-day period expires without the objection being fully satisfied, section 505© of the Clean Air Act and 40 CFR §70.8(c)(4) require EPA to issue or deny the permit.

While we were not able to resolve all of our concerns during the short time available, we intend to continue our cooperative approach to resolve our formal objections. Because these objection issues must be fully corrected, we recommend that the District provide us with revised permits well in advance of the expiration of the 90-day period so that any outstanding issues can be resolved.

I would like to thank you and your staff for all your help in providing background information and in discussing these issues with us. We are pleased to have reached agreement on the majority of the proposed permits. San Joaquin's engineering analyses, provided with each permit, have been a valuable tool in determining whether all applicable requirements have been addressed. If you have any questions concerning our comments, please contact Matt Haber at (415) 744-1254.

Sincerely,

David P. Howekamp
Director
Air Division

Enclosures

cc: Martin Keast, SJVUAPCD
Rick McVaigh, SJVUAPCD
Ray Menebroker, CARB
Rich Hartig, Chevron Pipeline Company
Tim Hemig - Bear Mountain Limited, High Sierra Limited, and Kern Front Limited
C.W. Holmes, Gallo Glass Company
Mervin Soares, Mid-Set Cogeneration Company
Dennis C. Tristao, J.G. Boswell Company

ENCLOSURE ONE

EPA OBJECTIONS AND COMMENTS ON PROPOSED TITLE V PERMITS FOR J.G. BOSWELL AND CHEVRON PIPELINE

Facility-Wide Permit for Both Facilities

1. In our comment letter to San Joaquin dated September 19, 1997, we requested that the District make the following distinction between the "exempt equipment" and "insignificant activities":

   "The proposed permits each contain an "Attachment B, Exempt Equipment." The heading for the list reads "The following exempt equipment was identified by the applicant on TVFORM-003, Insignificant Activities." There is an important distinction between "insignificant activities" and "exempt equipment." "Exempt equipment" generally refers to equipment that is exempt under local construction permitting requirements, while "insignificant activities" are not exempt from applicable requirements under Title V. As discussed in our conference call of September 16, 1997, the District has agreed to add language to the general permit conditions to clarify that the insignificant activities listed in Attachment B of each permit are subject to generally applicable requirements."

   During our conference call with the District on 2/17/98, the District stated that it would add language to the evaluation portion of each permit with an Exempt Equipment list clarifying that the equipment is not exempt from facility-wide requirements and that the list (Attachment B) would not be part of any final permit. Based on this information, we believe that this issue has been resolved.

J.G. Boswell (Facility No. C-1555, Project No. 960766)

Decortication Unit (Permit C-1555-2-3)

1. *Missing Compliance Plan (Objection)*. Condition 3 specifies a PM_{10} emissions limit of 0.0074 lb/ton of seeds processed. However, the 1990 source tests conducted by the source show that the actual emissions rate for the unit is 0.039 lb PM/ton of seeds processed. Assuming that only 50% of the PM emissions are PM_{10}, the actual PM_{10} emissions rate still exceeds the allowable emission limit by more than 2.5 times.

   Therefore, it appears that a compliance plan must be included in the permit, consistent with 40 CFR 70.6(c)(3). Additionally, the source must submit a revised compliance plan and compliance certification and future progress reports as

required by §70.6(c)(4). If more recent source testing indicates that the facility is now in compliance, we request that the District submit all testing data to EPA for review. In any case, the District must add adequate periodic monitoring to assure future compliance with this limit in the Title V permit.

2. *Missing Applicable Emissions Limit (Objection)*. The permit for this unit is missing the PM emissions rate limit based on the process weight rate of Rule 4202. The District's analysis states that no additional monitoring, recordkeeping, or reporting are required because calculations show that the unit is expected to be in compliance with Rule 4202's limit. However, this argument does not justify the exclusion of an emission limit. An emissions limit based on the unit's process rate, as calculated by the appropriate equations in Rule 4202, must be added to the permit. Because the process weight rate may vary, this emissions limit should be in the form of the appropriate equation in Rule 4202. A requirement to maintain records of daily operating hours must be added (the permit already contains a daily process weight recordkeeping requirement) so that the emissions limit may be calculated.

   This limit and the associated compliance requirements must also be added to the Lint Removal Unit (Permit C-1555-3-4), the Meal Handling Plant Unit (Permit C-1555-6-4), and the Flaking Plant Unit (Permit C-1555-7-5).

3. *Typographical Error*. The second sentence Condition 6 should read: "Therefore, a permit shield is granted from these requirements." This comment also applies to the respective permit shield conditions of the handling plant (C-1555-6-4), the flaking plant (C-1555-7-5), and the vegetable oil solvent plant/refinery (C-1555-8-3) permits.

<u>Lint Removal Unit (Permit C-1555-3-4)</u>

1. *Missing Applicable Emissions Limit and Periodic Monitoring (Objection)*. As noted in Comment 2 for the Decortication unit, the Rule 4202 limit must be added to the permit along with a requirement to maintain records of the daily process weight and operating hours. Because the PM emissions rate is expected to be very close to the emissions allowed by Rule 4202, additional monitoring must also be required. The permit currently requires only weekly inspections of the dust collectors as provided by Condition 5 of the permit. We believe that these inspections will be helpful, but are not adequate to assure compliance with this applicable requirement. Therefore, the District must add additional periodic monitoring, including at least annual source testing at maximum process weight rate, to these inspection requirements.

Vegetable Oil Solvent Plant/Refinery Unit (Permit C-1555-8-3)

1. *Insufficient Periodic Monitoring for VOC Capture and Control Efficiency (Objection)*. Condition 7 specifies a combined capture and control efficiency of at least 90 percent by weight for the condenser and mineral oil scrubber (the 90% limit is specified in lieu of an emission limit of 15 lbs of VOC per day, in accordance with Rule 4691, section 5.1.1). However, the permit does not contain periodic monitoring to assure compliance with this requirement. Thus, additional periodic monitoring must be included, including the appropriate test method (i.e., the test method specified in section 6.2.4 of Rule 4691), unless the District can demonstrate that another form of periodic monitoring is adequate to assure compliance.

   District staff indicated in a telephone call with EPA on 2/12/98 that Conditions 13 and 14, which specify the oil temperatures in the heater and the minimum pressure in the extractor, were added to the permit to help achieve compliance with the 90% efficiency requirement. Nevertheless, it remains unclear whether meeting these operating parameters would assure compliance with the 90% emission limit. If these parameters would ensure that the source meets the 90% limit, the District must provide an analysis to substantiate such a claim. In addition, the District would have to revise the proposed permit to ensure that the parameters are monitored frequently and that records of the temperature and pressure monitoring would be maintained.

   Because it is appears that data correlating these parameters to emission levels may not be available, we believe that this monitoring should supplement rather than replace annual stack testing. If source testing shows continuous compliance and verifies that operating parameters can be relied on to assure compliance, then the source testing frequency could be reduced accordingly.

2. *Missing Frequency of Recordkeeping*. Condition 5 states that the owner/operator must record vegetable oil seed material processing rates and hexane consumption. However, the recording frequency must be specified as “daily”, as required by Rule 4691, 6.1.1

34.8 MMBtu/hr Boiler Unit (Permit C-1555-11-1)

1. *Insufficient Periodic Monitoring for Opacity (Objection)*. In our comment letter regarding the umbrella template (SJV-UM-0-0), dated 11/26/96, we accepted that

the District should have the flexibility to address compliance monitoring for the opacity requirement in each source-specific permit, instead of in the umbrella template. However, the District's proposed annual Method 9 opacity inspections are not adequate to assure compliance with the 20% opacity limit when the source burns fuel oil (which is a back-up fuel). The District must require adequate periodic monitoring either in the form of performing Method 9 or Method 22 at an appropriate frequency, or a demonstration that frequent monitoring of operating parameters will assure compliance with the opacity limit. EPA will work with the District to resolve this issue.

In addition, the exemption in Condition 7 allowing opacity to be as high as 27% for one 6-minute period per hour appears to conflict with Condition 22 of the facility-wide permit. This condition limits which requires that the source's opacity not exceed 20% in a 3-minute period over any one hour. The District must clarify in the permit that the general opacity requirement overrides any less strict unit-specific requirement. The 6-minute averaging time referenced in the condition may conflict with the facility-wide condition's time of 3 minutes as well.

2. *Incomplete Fuel Monitoring (Objection)*. Condition 9 specifies that if compliance with the fuel sulfur content limit has been demonstrated for eight consecutive weeks for a fuel source when the unit is fired on non-certified diesel fuel, then compliance testing is reduced from weekly to semi-annually. This reduction in frequency is inconsistent with the requirement in 40 CFR Subpart Dc, which requires recordkeeping and reporting of fuel sulfur content on a quarterly basis. The final BSG Template SJV-BSG-8-0 also requires quarterly testing after compliance has been demonstrated for eight consecutive weeks. Accordingly, the District must revise the condition to reflect this requirement. The District should also add clarifying language that if a test shows non-compliance with the sulfur content limit, then the source must return to its weekly testing schedule, as recommended in EPA's 9/19/96 letter. We suggest that the District correct these oversights for all permits using Template SJV-BSG-8-0.

   In addition, condition 13 must include the requirement to determine the fuel hhv for liquid hydrocarbon fuels annually, as provided in the District's Response to EPA template-specific comment #29 in EPA's 9/19/96 letter. Also, the District omitted a citation to Rule 4305, section 6.2.1 and Rule 4351, section 6.2.1 as the origin and authority of the condition, as shown in the final Template SJV-BSG-8-0. We recommend that the District correct these oversights for all permits using this template.

3. *Missing Averaging Time*. To be consistent with the underlying requirement in Rule 4305, section 5.0, Condition 3 should state that the NOx limits are averaged over 60 minutes. Our comment letter (dated 9/19/96) on BSG permit templates

also contains the same comment. We suggest that the District correct this oversight for all permits using these BSG templates.

4. *Outdated Condition*. Condition 4 should be removed from the permit, as it is applicable only until 12/16/97.

5. *Missing Language*. Condition 14 is missing a clarification contained in Condition 14 of the final template: "If a test shows noncompliance with NOx requirements, the source shall return to annual source testing until compliance is again shown for two consecutive years." To avoid confusion, we also suggest that the District revise the second sentence in the Condition to read: "Gaseous fired units shall test not less than every 36 months if compliance is shown for 2 consecutive years." We recommend that the District correct these oversights for all permits using this Template SJV-BSG-8-0.

6. *Inappropriate Shielding of SIP and District Rules*. Condition 19 requests a permit shield from District Rule 4801. However, the permit does not address the SO_2 emissions limit of Rule 4801. The District submitted a streamlining demonstration with the proposed template showing that the SO_2 limit has been subsumed by the fuel sulfur limit specified in the permit. This demonstration is acceptable. However, in order to grant the shield, a reference to Rule 4801 must be included in the citation to Condition 2, which limits the fuel sulfur content to 0.5% or less.

   Condition 22 requests a permit shield from District Rule 4305, section 5.4. However, the permit does not contain any condition addressing the requirements of section 5.4. Therefore, the District must either remove Rule 4305, 5.4 from the permit shield, or address these requirements in the permit, before a shield can be granted. Condition 22 also contains the following typographical errors: Rule 4305, 6.2 (excepting 6.2.3, not 6.2.324); 4351, 5.2.2 (not 5.2.2.2), 6.2 (excepting 6.2.3, not 6.2.324).

Chevron Pipeline Company (Facility No. S-1394, Project No. 961136)

Facility-Wide Permit (Permit S-1394-0-0)

1. *Inappropriate Shielding of SIP Rules (Objection)*. The source has requested the use of San Joaquin's Facility-wide Umbrella General Permit Template, SJV-UM-0-0. Condition 38 in the permit, which is based on Condition 38 in the umbrella template, grants a permit shield for a number of SIP rules based on more recent District regulations. EPA's 11/26/96 comment letter stated that only one of these SIP rules (Rule 401) was evaluated in a "stringency" determination. (On 8/20/96, EPA sent a stringency letter to the District with a finding that District

Rule 4101 assures compliance with each of the listed counties' Rule 401.) We further requested that the District provide a demonstration, as describe in White Paper 2, to show that District rules assure compliance with the SIP rules they replace in the permit. In its response, the District stated that this demonstration would be provided prior to each permit issuance. However, the evaluation for Chevron's proposed permit contains no such demonstration. In order for EPA to evaluate whether a permit shield from these SIP requirements is appropriate, the District must submit the requested information. We recommend providing this demonstration for all District permits containing this shield.

<u>18 MMBtu/Hr HRT Boiler Units (Permits S-1394-2-1, S-1394-3-1, and S-1394-4-1)</u>

1. *Insufficient Periodic Monitoring for PM Emissions Limits (Objection)*. Condition 4 only requires that an initial source test be performed while the unit is firing on residual (crude) oil, and only if such a test has not been performed within 48 months prior to the firing of crude oil. While an initial source test should be part of an acceptable monitoring regime, EPA believes that fuel sampling and annual stack testing at the facility are necessary to assure compliance with the PM emissions limit. Some components of an adequate monitoring program already exist in Condition 16, which limits the fuel sulfur content to 1.2%, and Condition 6, which requires that each fuel source be tested weekly for sulfur content. As an additional component, we recommend that the District include testing for the ash content (an ash content limit should be established to ensure compliance with the PM emissions limit) with the weekly testing of the sulfur content.

   We believe that weekly testing of the fuel content is appropriate, considering the variability of crude oil. However, the testing frequency could be reduced after compliance with the sulfur and ash content has been demonstrated for eight consecutive weeks, if the District can provide the following: 1) defining "fuel source" to include only fuels with similar characteristics, and 2) a requirement to maintain records of when and where the oil comes from to initiate the eight-week testing regime as necessary. While we believe that the monitoring frequency could be reduced in this case, we do not believe that the proposed semi-annual testing (after the eight-week compliance demonstration) would satisfy the periodic monitoring requirements defined in 40 CFR 70.6(a)(3)(B).

2. *Omission of Periodic Monitoring for Opacity (Objection)*. Condition 22 of the facility-wide permit subjects the source to the 20% opacity limit. However, none of the unit-specific permits contain any condition to address periodic monitoring necessary to assure compliance with the limit. Therefore, adequate periodic monitoring must be added to assure compliance with the 20% opacity limit. Since these units are of similar in size and fuel to the units in the Texaco Trading and Transportation proposed Title V permit (Project #970264), our comments

regarding the frequency of opacity periodic monitoring for those units (i.e. no less often than weekly once compliance is established) also apply to the units in this permit. (Please refer to our 1/30/98 letter.)

2. *Omission of ATC Terms and Conditions (Objection)*. None of the permits for these units include the NOx emissions rate of 2.3 lbm/bbl found in the corresponding ATCs and PTOs issued to the units. The Federal regulations that implement the Title V permitting program (40 CFR Part 70) state that "[a]ll sources subject to these regulations shall have a permit to operate that assures compliance by the source with all applicable requirements."(40 CFR 70.1(b)). In section 70.2, "applicable requirement" is defined to include, among other things, "[a]ny term or condition of any preconstruction permits issued pursuant to regulations approved or promulgated through rulemaking under Title I, including parts C or D, of the Act." Furthermore, EPA's "White Paper for Streamlined Development of Part 70 Permit Applications" (July 10, 1995) includes guidance on the incorporation of the terms and conditions of previously issued new source review ("NSR") preconstruction permits into Title V permits. The White Paper states that:

> "As used here, 'new source review' refers to all forms of preconstruction permitting under programs approved into the SIP, including minor and major NSR (e.g., prevention of significant deterioration). Section 70.2 defines any term or condition of a NSR program as being an applicable requirement."

These ATCs were issued under a SIP-approved preconstruction permitting rule, and the conditions contained in preconstruction permits are recognized as applicable requirements of the Act. Therefore, these conditions and appropriate compliance requirements must be included in the Title V permit.

3. *Incomplete Periodic Monitoring for Fuel hhv*. Condition 8 does not include the requirement to annually determine the fuel hhv for liquid hydrocarbon fuels, as provided in the District's Response to EPA template-specific comment #29 in the 9/19/96 letter. Any testing that is necessary to determine compliance with the permit limits must include this frequency.

<u>2150 BBL Fixed Roof Crude Oil Unit (Permit S-1394-55-1) and 23,100 Gallon Fixed Roof Oil Storage Tank (Permit S-1394-57-1)</u>

1. *Insufficient Periodic Monitoring for the True Vapor Pressure (Objection)*. These permits only require an annual test of the stored petroleum liquid's TVP. This testing frequency does not take into account the possibility that vapor pressure may vary based on the products stored in the future. Therefore, the District must

require sufficient TVP measurement to detect any future increases.

ENCLOSURE TWO

POTENTIAL OBJECTIONS AND COMMENTS ON PROPOSED PERMITS FOR NATURAL GAS FIRED TURBINES AND GALLO GLASS

A) Proposed Title V Permits for Four Natural Gas Fired Turbines:
Bear Mountain Limited (BML) (project #961102);
High Sierra Limited (HSL) (project #961098);
Kern Front Limited (KFL) (project # 961100); and
Mid-set Cogeneration Company (MCC) (project #970325)

The proposed conditions for KFL unit one appear identical to the conditions for KFL unit two and the proposed conditions for HSL unit one appear identical to the conditions for KFL unit two. Therefore, each of our comments on KFL or HSL applies to both units at the appropriate facility.

Potential Objections

1) Malfunction Exemption

As we have discussed with the District, the proposed permits must be revised to eliminate new malfunction exemptions from Best Available Control Technology (BACT) that are not allowed in the ATCs for these sources.[1] The District may only include malfunction exemptions that are explicitly limited to applicable requirements that specifically contain this exemption. As we have discussed, the proposed permits for KFL (condition 20) and HSL (condition 9) must also be revised to remove a VOC exemption that is not allowed by the NSR permit conditions (for instance, see KFL permit S-1120-1-5 condition 24).

2) Acid Rain Permit Shield

As we have discussed with the District, each of the permits and/or evaluations must be revised to address the acid rain requirements that apply to some San Joaquin Valley sources. Each permit contains a permit shield from acid rain requirements. However, none of the evaluations contain any reference to this permit shield or the applicability of this program. In addition, none of the permits contain any conditions that may be necessary to ensure that the source does not trigger the acid rain program.

[1] For example, see BML conditions 3, 8; KFL conditions 19, 20, 21, and 28; HSL conditions 3 and 7; and MCC conditions 5 and 16. The blanket exemption for MCC appears based on permit conditions that contains an exemption from the NSPS general provisions (40 CFR section 60.8) but would apply to all applicable requirements under the proposed permit.

Therefore, the District must evaluate the applicability of the acid rain program for each of these sources. If a shield in included because the source could not trigger the acid rain program, the evaluation must include this demonstration. If the source could trigger the program in the future, the District must either remove the shield or add conditions that would prevent the source from triggering the acid rain program.

3) Periodic Monitoring for PM_{10}

As we have Discussed with the District, the District must ensure that adequate periodic monitoring is required. AP-42 estimates emission rates that are substantially higher than the daily PM_{10} limits in each of these proposed title V permits.[2] The District has agreed to investigate whether available test data for these sources and/or identical units show that emissions are actually about an order of magnitude lower than the daily emission limit. We agree that source-specific data would provide more accurate information than AP-42 estimate. We also agree that showing that emissions are about an order lower than the applicable limit would demonstrate that additional periodic monitoring is not necessary.

However, if the District does not demonstrate that periodic monitoring is not necessary to ensure compliance with the applicable requirements, stack testing would be required. In this case, PM_{10} testing would be required during the annual stack testing for NOx and CO that is currently required for each source. If the source testing provides new data demonstrating that emission violations are unlikely, this frequency may be reduced. We recommend the use of EPA-approved ARB Method 5 or the use of both EPA methods 5 (part 60 appendix A) and 202 (part 51 appendix M) for source testing to determine compliance with the daily PM_{10} emission rate.

KFL (condition #28) and HSL (condition # 37) are currently required to conduct stack testing if opacity greater than 5% if detected at the source. We recommend retaining these conditions to detect unusual events that cause high opacity and PM-10 emissions. Since AP-42 indicates that emission rates may exceed permit conditions even under normal (i.e. no opacity) conditions, we believe that this condition should

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[2] For instance, the allowable emissions for each facility are 75 lbs PM-10 day, except for the lower MCC limit of 60 lbs/day (proposed permit condition 45). The AP-42 emission factors of 0.0193 lbm/MMbtu (solid) and 0.0226 lbm/MMbtu (condensible) convert to; 210 lbm (solid)/day and 246 lbm (condensible)/day for BML (based on heat input limit of 454 mmbtu/hr); 116 lbm (solid)/day and 136 lbm (condensible)/day for HSL and KFL (based on heat input limit of 250 mmbtu/hr); 210 lbm (solid)/day and 246 lbm (condensible)/day for BML (based on heat input limit of 454 mmbtu/hr); and 232 lbm (solid)/day and 271 lbm (condensible)/day for MCC (based on heat input limit of 500 mmbtu/hr). These emission factors are not intended to determine compliance with the applicable emission rates, but to determine whether source-specific information (i.e. stack testing) is necessary to determine compliance.

supplement rather than replace periodic monitoring (if necessary).

4) Compliance Requirements for Gaseous Pollutants

As we have discussed with the District, appropriate short-term averaging times for BACT limits must be added to three of the proposed permits. The proposed permits for BML, KFL, and HSL currently contain concentration limits for nitrogen oxides (NOx) and carbon monoxide (CO), but not explicit averaging times. We believe that the default averaging time for NOx and CO would be hourly because hourly data must already be collected under 40 CFR section 60.13 (h) (as incorporated by reference in BML condition 23, KFL condition 34, and HSL condition 20). The permits could instead specify three-hour and 24-hour averages for District emission limits and hourly data for NSPS requirements based on MCC condition 48.

The District must also broaden the recordkeeping requirements that currently apply only during start-up or shut-down (BML conditions 45 and 46; HSL condition 41; KFL condition 25; MCC condition 48). The District must revise the proposed permits to require that the source determine compliance with the 24-hour emission limit each day. We concur with the proposed requirement that sources report the results of their CEM data (BML condition 26, HSL condition 24, KFL condition 40, MCC condition 48), and recommend specifying (for BML, HSL, and KFL) that CEM averaging times include rolling 24-hour averages and the appropriate short-term limit.

As we have discussed, the District must also clarify that CEM data can be used in addition to stack testing to determine compliance with the NOx and CO concentration and daily emission limits to provide adequate periodic monitoring. Condition 15 for HSL and conditions 10 and 15 for MCC state that concentrations shall be determined by the listed reference test methods, and BML condition 47 and KFL condition 23 state that compliance shall be demonstrated by sample collection.

5) MCC Compliance Dates

As we have discussed, the proposed Title V permit for MCC must be revised to state the compliance dates that are currently missing. The correct date appears to be August 19, 1998 because MCC certified in their Title V permit application that they must comply with these requirement by August, 1998.

6) VOC Compliance Requirements

The proposed Title V permit for MCC does not contain VOC compliance requirements from the stack or any other potential emission point (i.e. lube oil). The District must either 1) add appropriate monitoring to the permit or 2) demonstrate in the permit analysis that no periodic monitoring is necessary. We believe that including

VOC in the annual stack test, as required for the other three sources, would satisfy any need for any addition monitoring of VOC emissions in the turbine exhaust.

7) NSPS Sulfur Content Requirements

We understand that these sources are expected to agree to limit their fuel to only PUC-regulated natural gas to avoid compliance requirements for non-PUC regulated gas. EPA recognizes that daily sampling for PUC-regulated gas would be excessive in this case. However, 40 CFR 60.334(b) requires that a source request approval from EPA for an alternate monitoring schedule before deviating from the daily monitoring requirements. The District may not change this NSPS requirement prior to EPA approval, and the proposed complete waiver is not consistent with past EPA approvals. Therefore, we recommend working with EPA to gain approval of an alternate monitoring schedule during your permit issuance time frame.

Comments

1) MCC Title V Application

The MCC Title V application compliance plan that was forwarded to EPA does not list any applicable requirements or the source's compliance status. It also does not contain a commitment to submit compliance schedules. If the application has been updated since then, please forward to us the completed compliance plan and certification. Otherwise, we recommend requiring a complete compliance plan and certification form prior to issuing the Title V permit.

2) Gas Turbine Template SJV-GS-1-0

As we noted in our August 21, 1996 comments on the general template, we recommend defining the periods when the rule 4703 limit would not apply in the proposed Title V permit for BML. Rule 4703 contains limits on these exemptions that are not included in the proposed permit for BML. Because the 35 ppm NOx NSR limit in condition 47 is necessary to assure compliance with the NSPS during these periods when rule 4703 does not apply, we recommend including the NSPS in the origin and authority citation for this condition.

3) Natural Gas Limitation

The proposed permit for MCC contains a condition (31) requiring the source to report sulfur content over 0.8%. These conditions are inappropriate because MCC may burn only PUC- quality regulated gas. We suggest that the District revise all conditions that allow or imply that non-PUC quality gas may be used and instead require the use of PUC-quality gas.

4) Grain Loading Limit

As we noted in our January 30, 1998 comment letter, the District has submitted data showing that emissions from several similar sources are much lower than the 0.1 grain particulate/dscf limit in the proposed permits for these two sources. We believe that this type of demonstration that no periodic monitoring is necessary is acceptable. However, your review should consider whether the sources used in your demonstration were controlled by selective catalytic reduction (SCR) and, if not, whether SCR could lead to increased particulate emission rates.

B) Proposed Title V Permits for Gallo Glass Company
District Facility No. N-1662
Project Number 970327

Potential Objections

1) Missing Applicable Requirements -- NSR

For furnaces 1, 2, 3, and 4, there are several emission and production limits that were included in the original Authority to Construct (ATC) permits but were omitted from the proposed Title V permit (these conditions were also omitted from a prior District PTO). The limits, which are listed below, are applicable requirements and must be included in the Title V permit:

Furnace #1:

Condition 7 of the ATC set limits of 1.1 lb NOx/ton glass and 42 ppm NOx.
Condition 8 set a limit of 0.01 lb CO/ton glass and 0.6 ppm CO.

Furnace #2:

Condition 9 set limits of 0.02 lbs VOC/ton, 0.01 lbs CO/ton, 1.60 lbs PM_{10}/ton, 2.38 lbs SO_2/ton.
Condition 10 set a limit on glass production rate of 456 tons/day.

Furnace #3:

Condition 10 set limits of 0.01 lb VOC/ton, 1.54 lb PM_{10}/ton, 2.36 lb SO_2/ton.
Condition 11 set a limit on glass production of 456 tons glass/day.

Furnace #4:

Condition 9 set limits of 0.02 lbs VOC/ton, 0.01 lb CO/ton, 0.57 lb PM_{10}/ton, 0.88 lb SO_2/ton.
Condition 10 set a limit on glass production of 752.4 tons glass/day.

The permit must also include adequate periodic monitoring for the SO_2 limits. The permits currently require annual stack testing for compliance with the permit limits. We recommend adding annual stack testing for SO_2 to this condition for furnaces #2, 3, and 4.

2) Permit Shield

a. Rule 4202. Page 36 of White Paper 2 for Improved Implementation of the Part 70 Operating Permits Program states that "Permitting authorities may, after listing all applicable emission limits for all applicable emissions units in the part 70 permit, provide for referencing the details of those limits..." Therefore, while other requirements may be referenced if appropriate, emission limits must always be explicitly listed in the permit. For Rule 4202, the equation which is used to determine the emission limit must be included in the permit. The permit must also contain a requirement to keep records of the total process weight and number of hours from each period of operation, in order that the correct emission limit can be calculated, before a shield may be provided for this limit.

b. Rule 4301. The engineering evaluation states that this rule does not apply to this source, since the rule applies only to indirect heat transfer sources. A permit shield may only be provided when the permitting authority, in acting on the permit application or revision, determines in writing that other requirements specifically identified are not applicable to the source, and the permit includes the determination or a concise summary of that determination. While a shield may be appropriate, the shield condition currently only states that "The requirements of District Rule 4301 and Stanislaus County Rule 408 were determined to not apply to this unit." The language in the permit must be modified to state why the requirement does not apply. This could be done as follows: "The requirements of District Rule 4301 and Stanislaus County Rule 408 were determined to not apply to this unit <u>because these rules do not apply to indirect heat transfer sources</u>."

c. 40 CFR 60 subpart CC and 40 CFR 61 subpart N. As stated above, a permit shield may only be provided when the permitting authority, in acting on the permit application or revision, determines in writing that other requirements specifically identified are not applicable to the source, and the permit includes the determination or a concise summary of that determination. While the engineering analysis includes an explanation, the permit itself must also contain this explanation. These permit conditions could be modified as follows: "The requirements of 40 CFR 60, Subpart CC were determined to not apply to this unit <u>because the unit constructed prior to the</u>

effective date of this regulation, and has not since modified. A permit shield is granted from these requirements" and "The requirements of 40 CFR 61, Subpart N were determined to not apply to this unit, because the unit does not use commercial arsenic as a raw material. A permit shield is granted from these requirements."

Further, while subpart CC does not currently apply (based on the assertion that no modifications have been made since the unit constructed), the source's applicability status may change in the future. Therefore, a shield can only be provided if it is written in such a way that the shield becomes void if the unit is modified. The following language could be used to address this issue: "As long as the unit is not modified, as defined under 40 CFR 60.14, the requirements of 40 CFR 60, Subpart CC are determined to not apply to this unit because the unit constructed prior to the effective date of this regulation, and has not since been modified. A permit shield is granted from these requirements."

Also, the engineering analysis states that subpart N does not apply because the unit does not use commercial arsenic as a raw material in its process. However, there is no prohibition in the permit against use of arsenic. The permit must include this prohibition, or a shield cannot be provided and the NESHAP requirements must be added to the permit.

3) Periodic monitoring

a. Rule 4101 Visible Emissions. Currently, the diesel internal combustion engines are required to monitor for opacity only once annually. Monitoring must be conducted at a frequency that will provide data that is representative of the source's compliance with the permit. These units are not limited to emergency operation, and may therefore operate up to 8760 hours/year. It is unlikely that the results of an annual opacity observation are representative of the source's operations in this case, and more frequent monitoring should be required. If the units only operate infrequently, then the monitoring could be required after a certain number of hours of operation to account for this. At a minimum, we recommend that monitoring be conducted at least once a year and at least once every additional 200 hours.

b. Rule 4201 PM concentration 0.1 gr/dscf, and Rule 4202 PM process weight-rate limits. For glass furnaces, annual stack testing is required, but not parametric monitoring. We believe that additional monitoring is necessary to assure compliance with these limits. We understand from the District that the source will be installing an ESP within the next six months, and that adequate monitoring will be included to assure proper operation and maintenance of the ESP. We believe that adequate monitoring of the ESP could be demonstrated to assure compliance with the PM limits. Monitoring for the ESP may involve records showing the on/off status of the ESP transformers/rectifiers ("T/R") at all times, and daily records of the T/R primary

and secondary voltage and current reading. If these values exceed values established as appropriate during annual stack testing, the permit should require corrective action or a stack test.

Comments

1**) Enforceability of Emission Limits**

The permit contains a condition for each of the four furnaces that specifies "One continuous monitoring system may be used for monitoring the oxy-fuel fired furnaces #1, #2, #3, and #4 provided all of the exhaust gases of each of these furnaces are ducted to a common stack, and monitored down stream of the common stack." Each unit has ppm and/or mass emission limits, and monitoring a combined stack will not provide data on whether each furnace is meeting its individual emission limits. This provision must be deleted from the permit, or San Joaquin may include a method which would allow the source to use the CEMs to provide compliance-related information. In some cases, this data would only be an indicator of compliance. When the aggregate actual emissions exceed the aggregate allowable emissions, this data. In order to ensure compliance with these limits, the permit needs to require that the source 1) keep daily records of glass produced at each furnace, 2) calculate the allowable emissions for the four furnaces based on the individual NOx limits for each furnace, and 3) compare this to the actual emissions from the CEMs. Also, a method of converting CEMs data into pounds/day must be included so compliance with the pound NOx/pound glass produced limit and pound NOx/day limit may be determined.

2) Streamlining

Where the sulfur limits from Rule 4801 were demonstrated to be subsumed under the permit's fuel limits, Rule 4801 should be added to the origin and authority of the fuel limit permit condition.

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